

DEPARTMENT OF TAXATION
NOTICE OF PUBLIC HEARING

TIME: Wednesday, January 6, 2016 at 9:40 a.m.

PLACE: Princess Ruth Keelikolani Building
Room 310
830 Punchbowl Street
Honolulu, Hawaii 96813

RE: Proposed rules relating to alternative methods of apportionment

Pursuant to chapter 91, Hawaii Revised Statutes ("HRS"), the Director of Taxation of the State of Hawaii will hold a public hearing at the above-referenced time and place to allow the public to comment on the proposed adoption of rules relating to alternative methods of apportionment.

The proposed rules amend existing sections and add new sections to chapter 235, Hawaii Administrative Rules ("HAR"). The proposed rules make amendments to clarify that the use of separate accounting is only required so far as practicable under a taxpayer's circumstances, and also to clarify under what circumstances activity carried out as an integral part of unitary business allows a taxpayer to allocate and apportion under the Uniform Division for Income Tax Purposes Act rather than separate accounting. The proposed rules add a new section that explains how the Department of Taxation may direct or permit the use of alternative methods of apportionment in accordance with section 235-5(e), HRS, and section 18-235-38-01, HAR. The proposed new rule also creates a method for taxpayers to petition the Department to allow alternative apportionment and creates a method for the Department to impose alternative apportionment. The proposed rules also make amendments to explain how the Department may impose alternative apportionment, to complement the rule's existing explanation of how taxpayers may petition for alternative apportionment.

All interested parties are invited to attend and present their views orally or in writing. Written statements may be submitted to the Rules Office at the Department of Taxation before or at the public hearing.

The proposed rules are available online at tax.hawaii.gov and ltgov.hawaii.gov, or by mail at no cost to any person who requests them. A copy of the proposed rules may also be picked up between 7:45 a.m. and 4:30 p.m., Monday through Friday, from the Rules Office at the Department of Taxation, Room 219, Princess Ruth Keelikolani Building, 830 Punchbowl Street, Honolulu, Hawaii and at the District Tax Offices located at 3060 Eiwa Street, #105, Lihue, Kauai; 54 S High Street, #208, Wailuku, Maui; and 75 Aupuni Street, #101, Hilo, Hawaii.

For more information, or to request special accommodations, call the Department of Taxation, Rules Office at 587-1530. Special accommodations (i.e., sign language interpreter, large print, or taped materials) must be requested by December 16, 2015, three weeks in advance of the public hearing.

DATED: December 4, 2015